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Chiang Issues Statement on Vote to Halt Financing of Public Works Projects

SACRAMENTO – The Controller issued the following comment after today’s vote of the Pooled Money Investment Board to withhold State dollars from infrastructure projects in order to preserve the State’s cash flow:

“The State is out of money, and the special funds we rely on to tide us over are fast running dry.

The Legislature must act quickly to resolve the State’s structural budget deficit or we face even more fiscal pain.

General Fund revenue in November was down \$1.3 billion more than expected when the budget was signed September 23. In the last four weeks alone that lawmakers have spent arguing over cutting programs or raising taxes, we lost half a billion dollars.

There is a lot of talk about what hurts the economy more: cutting programs or raising taxes. But we know shutting down these infrastructure projects will definitely have an adverse impact. Anytime you create turmoil and uncertainty, you are going to hurt the economy and slow its recovery.

Today’s vote is extremely painful. I worry about the impact shutting down these needed projects will have on the thousands of people working to improve our roads, our schools...the thousands of people who are working to build the California that our residents envisioned and funded.

However, based on the Treasurer’s statements that he cannot access the credit market to sell bonds, and based on his estimates that these projects require more than \$600 million a month, money that we desperately need to ensure California has the funds available to meet its priority obligations, such as education and repaying debt service, I am voting in favor of the proposal.

California’s economy will not restart on broken roads. It will not recover in substandard classrooms. It will only thrive with the infrastructure necessary to face tomorrow’s challenges. Regardless of your political philosophy, it is not fiscally responsible to endanger these State projects. I only hope the Governor and the Legislature will come together, finish the job and enact true, meaningful reforms that will allow us to reverse this action as soon as possible.”

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